

**ASSEMBLY BILL**

**No. 7**

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**Introduced by Assembly Members Lieu and Saldana**

December 4, 2006

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An act to add Sections 22345 and 23038 to the Financial Code, relating to consumer loans.

LEGISLATIVE COUNSEL'S DIGEST

AB 7, as introduced, Lieu. Armed service members: consumer loans.

The California Finance Lenders Law provides, among other things, for the licensure and regulation by the Commissioner of Corporations of persons engaged in the business of making consumer loans and governs the terms that may be included in those loans. The California Deferred Deposit Transaction Law provides for the licensure and regulation by the commissioner of persons engaged in the business of making or negotiating deferred deposit transactions, which are transactions in which the lender defers depositing a consumer's personal check until a specified date pursuant to a written agreement. A willful violation of either the California Finance Lenders Law or the California Deferred Deposit Transaction Law is a crime.

This bill would make it unlawful under the California Finance Lenders Law and the California Deferred Deposit Transaction Law to violate specified provisions of the John Warner National Defense Deposit Authorization Act for Fiscal Year 2007, relating to the Armed Forces. Because this bill would make a willful violation of those provisions a crime, it would impose a state-mandated local program.

Existing law provides that any person who violates specified provisions prohibiting discrimination against a member of the military or naval forces of this state or the United States, including discrimination

with respect to the terms of a loan or financing based on that person's membership in the military or naval forces of this state or of the United States, is guilty of a misdemeanor.

This bill would exempt from the discrimination provisions any person who does not market or extend consumer loans to armed services members and any licensee under the California Deferred Deposit Transaction Law who does not market deferred deposit transactions to, or enter into such transactions with, armed services members.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 22345 is added to the Financial Code, to  
2 read:

3 22345. (a) Any person who violates any provision of Section  
4 670 of the John Warner National Defense Authorization Act for  
5 Fiscal Year 2007 (Public Law 109-364) or any regulation  
6 promulgated thereunder, violates this chapter.

7 (b) A person that does not market consumer loans to, or does  
8 not extend those loans to, armed services members, shall not be  
9 in violation of Section 394 of the Military and Veterans Code.

10 SEC. 2. Section 23038 is added to the Financial Code, to read:

11 23038. (a) Any person who violates any provision of Section  
12 670 of the John Warner National Defense Authorization Act for  
13 2007 (Public Law 109-364) or any regulation promulgated  
14 thereunder, violates this division.

15 (b) A licensee that does not market deferred transactions to, or  
16 does not enter into those transactions with, armed services  
17 members, shall not be in violation of Section 394 of the Military  
18 and Veterans Code.

19 SEC. 3. No reimbursement is required by this act pursuant to  
20 Section 6 of Article XIII B of the California Constitution because  
21 the only costs that may be incurred by a local agency or school  
22 district will be incurred because this act creates a new crime or

1 infraction, eliminates a crime or infraction, or changes the penalty  
2 for a crime or infraction, within the meaning of Section 17556 of  
3 the Government Code, or changes the definition of a crime within  
4 the meaning of Section 6 of Article XIII B of the California  
5 Constitution.

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